

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

**June 30, 2013**

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## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Directors</b>		
Conrad DeJardin	President	2015
Yvonne Mallory	Vice President	2013
Deborah Crosser	Member	2015
Larry Johnson	Member	2015
Deborah Jones	Member	2013
Delbert Kellogg	Member	2013
Paul Pohlson	Member	2015

### **Community College**

Dr. Christopher Duree	Chancellor
Kathleen Pink	Chief Financial Officer and Board Treasurer
Barbara Jennings	Board Secretary

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Iowa Valley Community College District  
Marshalltown, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year-ended June 30, 2013, and the related Notes to Financial Statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for opinion on the aggregate presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Financial Statements	Unmodified
Aggregate Discretely Presented Component Units	Disclaimed
Aggregate Remaining Fund Information	Unmodified

#### Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Marshalltown Community College District Foundation and Ellsworth College Foundation were not audited, and we were not engaged to audit the Marshalltown Community College District Foundation and Ellsworth College Foundation's financial statements as part of our audit of the College's basic financial statements. The Marshalltown Community College District Foundation and Ellsworth College Foundation's financial activities are included in the College's basic financial statements as discretely presented component units and represent 100% of the assets, net financial position and revenue of the College's aggregate discretely presented component units.

#### Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the Iowa Valley Community College District, Marshalltown, Iowa. Accordingly, we do not express an opinion on these financial statements.

#### Unmodified Opinions

In our opinion, based on our audit, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of Iowa Valley Community College District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12 and 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Valley Community College District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of Iowa Valley Community College District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us. In our opinion, based on our audit and the procedures performed as described above, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2014 on our consideration of Iowa Valley Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Iowa Valley Community College District's internal control over financial reporting and compliance.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
January 23, 2014

## **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Iowa Valley Community College District (the District) provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year-ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2013 FINANCIAL HIGHLIGHTS**

- District operating revenues increased approximately \$33,000 compared to 2012.
- District operating expenses increased 3%, or approximately \$900,000 compared to fiscal year 2012. The increase was primarily due to increases in liberal arts and sciences, cooperative services, physical plant, and auxiliary enterprises, as well as decreases in vocational technical and administration.
- The District's net position increased 10%, or approximately \$3.8 million from fiscal year 2012.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the District's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *The Statement of Net Position*

The Statement of Net Position presents the assets, liabilities, and net position of the District as a whole as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and non-current assets, current and non-current liabilities, and net position (assets less liabilities). Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

#### Statement of Net Position

	June 30	
	2013	2012
Current assets and other assets	\$ 25,016,633	\$ 25,617,256
Capital assets, net of accumulated depreciation	61,181,631	62,734,975
<b>Total assets</b>	<b>86,198,264</b>	<b>88,352,231</b>
Current liabilities	18,980,900	20,398,846
Noncurrent liabilities	25,392,880	29,903,889
<b>Total liabilities</b>	<b>44,373,780</b>	<b>50,302,735</b>
Net assets:		
Invested in capital assets, net of related debt	34,463,380	31,990,159
Restricted	2,794,552	2,397,109
Unrestricted	4,566,552	3,662,228
<b>Total net position</b>	<b>\$ 41,824,484</b>	<b>\$ 38,049,496</b>

The largest portion of the District's net position (82.4%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (6.7%) includes resources that are subject to external restrictions. The remaining net position (10.9%) is the unrestricted net position that can be used to meet the District's obligations as they come due.

**Fiscal Year 2013:** The District made principal payments on certificates, bonds and notes payable totaling approximately \$4,846,000 during fiscal year 2013 and made no additional borrowings.

**Fiscal Year 2012:** The District made principal payments on certificates, bonds and notes payable totaling approximately \$4,705,000 during fiscal year 2012 and made no additional borrowings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Statement of Revenues, Expenses and Changes in Net Position*

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues of the District, both operating and non-operating, and the expenses incurred by the District, operating and non-operating, and any other revenues, expenses, gains and losses of the District.

In general, a public college such as Iowa Valley Community College District will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

#### Changes in Net Position

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Operating revenues:		
Tuition and fees	\$ 6,929,845	\$ 6,499,035
Federal appropriations	2,011,743	2,903,967
Iowa Industrial New Jobs Training Program	355,490	187,996
Auxiliary enterprise revenue	5,480,533	4,940,960
Miscellaneous	1,876,408	2,089,301
Non-operating revenues:		
State appropriations	9,322,882	8,216,581
Pell grant	5,430,672	5,630,353
Property tax	7,940,965	7,819,243
Interest income on investments	22,903	25,589
<b>Total revenues</b>	<b>39,371,441</b>	<b>38,313,025</b>
Operating expenses	34,509,147	33,630,118
Interest on indebtedness	1,301,497	1,467,805
<b>Total expenses</b>	<b>35,810,644</b>	<b>35,097,923</b>
Transfers from agency fund	214,191	121,800
<b>Increase in net position</b>	<b>3,774,988</b>	<b>3,336,902</b>
Net assets beginning of year	38,049,496	34,712,594
Net assets end of year	\$ 41,824,484	\$ 38,049,496

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Total Revenue by Source*

In fiscal year 2013, operating revenues increased by approximately \$33,000. The following factors represent the significant changes:

- Tuition and fees increased approximately \$431,000, NJTP increased approximately \$168,000, auxiliary enterprises revenue increased approximately \$540,000, federal appropriations decreased approximately \$892,000, and miscellaneous revenue decreased approximately \$213,000.

#### **Operating Expenses**

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Education and Support:		
Liberal arts and sciences	\$ 8,035,736	\$ 7,361,840
Vocational technical	2,951,764	3,142,656
Adult education	3,839,300	3,910,942
Cooperative services	232,393	116,148
Administration	2,835,802	3,139,684
Student services	1,942,928	2,114,020
Learning resources	340,683	362,148
Physical plant	3,264,255	2,919,373
General institution	2,749,662	2,679,532
Auxiliary enterprises	5,536,536	5,225,057
Loan cancellations and bad debt	105,238	75,598
Depreciation	2,674,850	2,583,120
	<b>\$ 34,509,147</b>	<b>\$ 33,630,118</b>

#### *Total Expenses*

In fiscal year 2013, operating expenses increased by approximately \$900,000. The following factors represent the significant changes:

- Liberal arts and sciences costs increased approximately \$650,000, auxiliary enterprises costs increased approximately \$300,000, cooperative services increased approximately \$100,000, physical plant increased approximately \$350,000, vocational technical decreased approximately \$200,000, and administration decreased approximately \$300,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Statement of Cash Flows*

The Statement of Cash Flows is an important tool in helping users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

#### **Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Cash provided by (used in):		
Operating activities	\$ (15,221,318)	\$ (14,259,282)
Non-capital financing activities	22,807,770	21,864,159
Capital and related financing activities	(7,285,891)	(8,477,290)
Investing activities	22,903	25,589
<b>Net increase (decrease) in cash</b>	<b>323,464</b>	<b>(846,824)</b>
Cash:		
Beginning	10,277,009	11,123,833
Ending	<b>\$ 10,600,473</b>	<b>\$ 10,277,009</b>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, Pell grant, local property tax received by the College, and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received and the net change in pooled investments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2013, the District had approximately \$61 million invested in capital assets, net of accumulated depreciation of approximately \$27 million. Depreciation charges totaled \$2,674,850 for fiscal year 2013. Details of the capital assets are shown below.

#### Capital Assets (Excluding Component Units), Net, At Year-End

	June 30	
	2013	2012
Land	\$ 3,463,786	\$ 3,463,786
Construction in progress	-	386,805
Buildings	54,636,685	55,764,884
Improvements other than buildings	819,451	826,035
Equipment and vehicles	2,261,709	2,293,465
<b>Totals</b>	<b>\$ 61,181,631</b>	<b>\$ 62,734,975</b>

More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

#### Debt

At June 30, 2013, the District had approximately \$28.5 million in debt outstanding, a decrease of \$4,846,565 from fiscal year 2012. The table below summarizes these amounts by type.

#### Outstanding Debt

	June 30	
	2013	2012
Certificates payable	\$ 1,840,000	\$ 2,660,000
Notes payable and revenue bonds	26,718,251	30,744,816
	<b>\$ 28,558,251</b>	<b>\$ 33,404,816</b>

More detailed information about the District's outstanding debt is presented in Note 4 to the basic financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **ECONOMIC FACTORS**

Iowa Valley Community College District experienced an increase in the unrestricted general operating fund net position of approximately \$191,000. This is an increase from the previous fiscal year's increase in unrestricted general operating fund net position of approximately \$272,000.

Economic factors and trends that continue to draw a great deal of scrutiny by the District are:

- All state appropriations increased approximately \$951,000 in fiscal year 2013, an increase of approximately 11.1%.
- Property tax valuations increased approximately \$101,000,000 or 2.5% for the 2013 collection year.
- Property tax from the .025 fixed-rate levy comprised 3.6% of general operating fund revenue in fiscal year 2013.
- Tuition and fee revenue collections in the general operating fund were consistent and are the largest source of revenue for the fund, representing 55% of the total general operating fund revenues. While it is a significant amount of revenue, it is difficult to predict and budget due to the many variables that impact actual enrollment and the tuition and fees generated. Continued tuition rate increases create hardships for individuals seeking a college education and access to life-long learning opportunities.
- Student enrollment for fiscal year 2013 had a moderate increase of .8% in credit hours as compared to fiscal year 2012. In 2012 there was a decrease in credit hours of approximately 6.9%. The District must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the District is significant and immediate.
- Industrial New Jobs Training (260E) Projects have provided valuable resources for area business and industry for the expansion and training of their labor forces. With the downturn of the economy in recent years, it has become increasingly difficult for area businesses and industries to meet long-term debt obligation commitments for the 260E projects. This is an area of concern that is continually monitored by the District.
- Labor costs to include health insurance represent 74% of expenditures in the unrestricted general operating fund. Labor costs increased as a result of the collective bargaining negotiated settlement.
- Utilities, custodial, and maintenance costs continue to rise primarily due to recent construction projects that have added a significant increase in physical plant square footage. Utility costs are funded by the fixed rate Plant Fund levy and transfers from the Unrestricted General Operating Fund. Management is utilizing more of the unrestricted operating fund to pay for utilities, which allows for more of the plant fund levy to be used for necessary maintenance and infrastructure expenditures.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**

## **BASIC FINANCIAL STATEMENTS**

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2013**

<b>ASSETS</b>	<b>Primary Institution</b>
Current Assets:	
Cash and short-term investments	\$ 10,336,131
Restricted cash and short-term investments	264,342
Receivables:	
Accounts, net of allowance of \$4,001,315	2,753,988
Property tax:	
Delinquent	1,012,064
Succeeding year	7,931,954
Due from other governments	1,695,804
Inventories	422,123
Prepaid expenses	600,227
<b>Total current assets</b>	<b>25,016,633</b>
Noncurrent Assets:	
Capital assets:	
Nondepreciable:	
Land	3,463,786
Depreciable:	
Buildings	76,621,565
Improvements other than buildings	1,238,145
Equipment and vehicles	6,957,517
Accumulated depreciation	(27,099,382)
<b>Total noncurrent assets</b>	<b>61,181,631</b>
 <b>Total assets</b>	 <b>\$ 86,198,264</b>

See Notes to Financial Statements.

**Exhibit A**

<b>LIABILITIES AND NET POSITION</b>	<b>Primary Institution</b>
Current Liabilities:	
Accounts payable	\$ 506,039
Salaries and benefits payable	1,414,694
Accrued interest on notes and certificates payable	130,377
Deferred revenue:	
Succeeding year property tax	7,931,954
Other	2,286,559
Early retirement payable	375,914
Compensated absences	338,831
Certificates payable	515,000
Notes payable, revenue and general obligation bonds	4,173,312
Deposits held in custody for others	1,308,220
<b>Total current liabilities</b>	<b>18,980,900</b>
Noncurrent Liabilities:	
Early retirement payable	1,149,417
OPEB payable	373,524
Certificates payable	1,325,000
Notes payable, revenue and general obligation bonds	22,544,939
<b>Total noncurrent liabilities</b>	<b>25,392,880</b>
<b>Total liabilities</b>	<b>44,373,780</b>
Net Position:	
Invested in capital assets, net of related debt	34,463,380
Restricted for:	
Expendable:	
Scholarships and fellowships	5,407
Cash reserve	264,342
Loans	(3,500)
Iowa Industrial New Jobs Training Program	321,267
Other	2,207,036
Unrestricted	4,566,552
<b>Total net position</b>	<b>41,824,484</b>
<b>Total liabilities and net position</b>	<b>\$ 86,198,264</b>

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended June 30, 2013**

	<b>Primary Institution</b>
Revenues:	
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$5,948,672	\$ 6,929,845
Federal appropriations	2,011,743
Iowa Industrial New Jobs Training Program	355,490
Auxiliary enterprises revenue	5,480,533
Miscellaneous	1,876,408
<b>Total operating revenues</b>	<b>16,654,019</b>
Expenses:	
Operating expenses:	
Education and support:	
Liberal arts and sciences	8,035,736
Vocational technical	2,951,764
Adult education	3,839,300
Cooperative services	232,393
Administration	2,835,802
Student services	1,942,928
Learning resources	340,683
Physical plant	3,264,255
General institution	2,749,662
Auxiliary enterprises	5,536,536
Loan cancellations and bad debt	105,238
Depreciation	2,674,850
<b>Total operating expenses</b>	<b>34,509,147</b>
<b>Operating (loss)</b>	<b>(17,855,128)</b>

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B  
(Continued)****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended June 30, 2013**

	<b>Primary Institution</b>
Non-operating revenues (expenses):	
State appropriations	\$ 9,322,882
Pell grant	5,430,672
Property tax	7,940,965
Investment earnings	22,903
Interest on indebtedness	(1,301,497)
<b>Net non-operating revenues (expenses)</b>	<b>21,415,925</b>
<b>Change in net position</b>	<b>3,560,797</b>
Transfers from agency fund	214,191
<b>Total change in net position</b>	<b>3,774,988</b>
Net position beginning of year	38,049,496
Net position end of year	\$ 41,824,484

See Notes to Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit C

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2013

	Primary Institution
Cash Flows from Operating Activities:	
Cash received from tuition and fees	\$ 6,929,845
Cash received from federal appropriations	2,011,743
Cash received from Iowa Industrial New Jobs Training Program	820,425
Payments to employees for salaries and benefits	(21,134,125)
Payments to suppliers for goods and services	(11,277,264)
Auxiliary enterprise receipts	5,480,533
Other receipts	1,947,525
<b>Net cash (used by) operating activities</b>	<b>(15,221,318)</b>
Cash Flows from Non-Capital Financing Activities:	
Transfers from agency funds	214,191
State appropriations	9,322,882
Pell grant	5,430,672
Property tax	7,907,760
Federal direct lending receipts	8,660,323
Federal direct lending disbursements	(8,660,323)
Miscellaneous Agency Fund receipts	1,311,031
Miscellaneous Agency Fund disbursements	(1,378,766)
<b>Net cash provided by non-capital financing activities</b>	<b>22,807,770</b>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(1,121,506)
Principal paid on debt	(4,846,565)
Interest paid on debt	(1,317,820)
<b>Net cash (used by) capital and related financing activities</b>	<b>(7,285,891)</b>
Cash Flows from Investing Activities:	
Interest from investments	22,903
<b>Net cash provided by investing activities</b>	<b>22,903</b>
<b>Net increase in cash and short-term pooled investments</b>	<b>323,464</b>
Cash and short-term pooled investments beginning of year	10,277,009
Cash and short-term pooled investments end of year	\$ 10,600,473

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit C  
(Continued)****STATEMENT OF CASH FLOWS  
Year Ended June 30, 2013**

	<b>Primary Institution</b>
<b>Reconciliation of operating (loss) to net cash (used by) operating activities:</b>	
Operating (loss)	<u>\$ (17,855,128)</u>
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:	
Depreciation	2,674,850
Changes in assets and liabilities:	
Decrease in accounts receivable	349,151
Decrease in Iowa Industrial New Jobs Training Program	464,935
Decrease in due from other governments	199,842
(Increase) in inventories	(110,817)
Decrease in prepaid expenses	20,097
(Decrease) in accounts payable	(229,430)
(Decrease) in salaries and benefits payable	(271,211)
(Decrease) in early retirement and OPEB liability	(5,650)
Increase in compensated absences	19,919
(Decrease) in other deferred revenue	<u>(477,876)</u>
<b>Total adjustments</b>	<u>2,633,810</u>
<b>Net cash (used by) operating activities</b>	<u><u>\$ (15,221,318)</u></u>
 <b>Summary of Cash and Short-term Pooled Investments as of June 30, 2013:</b>	
Cash and short-term investments	\$ 10,336,131
Restricted cash and short-term investments	<u>264,342</u>
	<u><u>\$ 10,600,473</u></u>

See Notes to Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit D

## COMBINING STATEMENT OF NET POSITION -

Component Units - Foundations (Unaudited)

December 31, 2012

	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
<b>ASSETS</b>			
Current Assets:			
Cash and short-term investments	\$ 342,841	\$ 1,021,171	\$ 1,364,012
	342,841	1,021,171	1,364,012
Noncurrent Assets:			
Investments	3,685,221	2,006,694	5,691,915
Capital assets	23,000	430,500	453,500
	3,708,221	2,437,194	6,145,415
<b>Total assets</b>	<b>\$ 4,051,062</b>	<b>\$ 3,458,365</b>	<b>\$ 7,509,427</b>
<b>LIABILITIES AND NET POSITION</b>			
Liabilities	\$ -	\$ 500,000	\$ 500,000
Net assets:			
Restricted for scholarships and fellowships	394,441	2,032,148	2,426,589
Unrestricted	3,656,621	926,217	4,582,838
<b>Total net position</b>	<b>4,051,062</b>	<b>2,958,365</b>	<b>7,009,427</b>
<b>Total liabilities and net position</b>	<b>\$ 4,051,062</b>	<b>\$ 3,458,365</b>	<b>\$ 7,509,427</b>

See Notes to Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit E

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
Component Units - Foundations (Unaudited)  
Year Ended December 31, 2012**

	<b>Marshalltown Community College District Foundation</b>	<b>Ellsworth College Foundation</b>	<b>Total</b>
Revenues:			
Operating revenues:			
Contributions	\$ 299,684	\$ 112,743	\$ 412,427
Special events and grants	93,786	255,443	349,229
<b>Total operating revenues</b>	<b>393,470</b>	<b>368,186</b>	<b>761,656</b>
Expenses:			
Operating expenses:			
Scholarships and grants	263,180	178,833	442,013
Miscellaneous	137,848	228,019	365,867
Administration	86,260	118,020	204,280
<b>Total operating expenses</b>	<b>487,288</b>	<b>524,872</b>	<b>1,012,160</b>
<b>Operating income (loss)</b>	<b>(93,818)</b>	<b>(156,686)</b>	<b>(250,504)</b>
Non-operating revenue (expenses), investment earnings	228,452	251,299	479,751
<b>Increase in net position</b>	<b>134,634</b>	<b>94,613</b>	<b>229,247</b>
Net assets:			
Beginning	3,916,428	2,863,752	6,780,180
Ending	<b>\$ 4,051,062</b>	<b>\$ 2,958,365</b>	<b>\$ 7,009,427</b>

See Notes to Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies**

Iowa Valley Community College District is a publicly supported school established and operated by Merged Area VI under the provisions of Chapter 260C of the Code of Iowa. The District offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, as well as training or retraining to persons who are preparing to enter the labor market. The District maintains campuses in Marshalltown, Iowa Falls and Grinnell, Iowa, and has its administrative offices in Marshalltown. The District is governed by a Board of Directors whose members are elected from each director district within Merged Area VI.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### **A. Reporting Entity**

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

These financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The component units are unaudited.

#### *Discrete Component Units*

Marshalltown Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Marshalltown Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Marshalltown Community College.

Ellsworth College Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Ellsworth Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Ellsworth Community College.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (continued)

The Foundations are non-profit organizations, which report under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundations' financial statements were prepared in accordance with provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the District's financial reporting for these differences. The Foundations report net assets, which is equivalent to net position reported by the District. Copies of the Foundations' financial statements may be obtained by contacting the Foundations.

#### B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net position (previously referred to as net assets) categories:

Net Investment Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition or improvement of those assets.

Restricted Net Position:

*Nonexpendable* – Net position subject to externally-imposed stipulations that they be maintained permanently by the District, including the District's permanent endowment funds.

*Expendable* – Net position whose use by the District is subject to externally-imposed stipulations that can be fulfilled by actions of the District, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position not subject to externally-imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the District.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

#### C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Position

Cash and Short-term Pooled Investments: For purposes of the Statement of Cash Flows, all short-term deposits or cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amounts of cash and, at the date of purchase, have a maturity no longer than three months.

Investments: Investments are stated at their fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Due from Other Governments: This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories: Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP): This represents the amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2013 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets: Capital assets, which include land, buildings, improvements other than buildings, equipment and vehicles and construction in progress, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District was \$1,301,497 and \$22,836 was capitalized in connection with the District's construction projects.

Capital assets are defined by the District as assets with initial, individual costs in excess of \$5,000.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Position (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives (in Years)
Buildings	40
Improvements other than buildings	20
Equipment	5 - 20
Vehicles	5

The District does not capitalize or depreciate library books. The collection is unencumbered, held for public education, protected, cared for and preserved, and the proceeds from the sale of library books, if any, are not material to the District.

Salaries and Benefits Payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue: Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Unearned revenue consists of unspent grant proceeds, succeeding year property tax receivable, and advanced student tuition.

Compensated Absences: District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2013.

Accrued Interest Payable: Interest on long-term indebtedness is recorded as a liability when the interest is incurred.

Deposits Held in Custody for Others: These deposits consist primarily of funds for student organizations and 260F agreements.

Refundable Advances on Student Loans: The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues and Expenses: Auxiliary enterprise revenues and expenses primarily represent revenues generated and expenses associated with the bookstore, cafeteria, athletics and housing. Revenues are recognized when goods or services are provided.

Summer Session: The District operates summer sessions during May, June and July including Internet sessions. Revenues and expenses for the regular and Internet summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the District Registrar.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Position (Continued)

Tuition and Fees: Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses. Tuition revenue is recognized as earned by providing classes.

Income Taxes: The District is exempt from income tax as a local government unit. The Marshalltown Community College District Foundation and the Ellsworth College Foundation have qualified for exemption from income tax under Section 501c (3) of the Internal Revenue Code.

Operating and Nonoperating Activities: Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, Pell grants, property tax and interest income.

Transfers: Transfers from agency funds were primarily composed of amounts from student fees used in support of athletics.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Net Position: Net position is classified according to restrictions or availability of assets for satisfaction of District obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net position represents the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, and donors or outside agencies. All remaining net position is unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officials (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total college basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The District's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy does not allow the District to invest in reverse purchase agreements, futures or options. The District did not have any investments in any one issuer that represents 5% or more of total District investments. Money market funds and mutual funds are excluded from this consideration given that the District does not "hold" the underlying investments.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

Investments consist principally of certificates of deposit at June 30, 2013 and total \$2,750,000. These investments are included within cash and short-term investments on the Statement of Net Position.

### Note 3. Inventories

The District's inventories at June 30, 2013 are as follows:

Type	Amount
Merchandise held for resale	<u>\$ 422,123</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

A summary of the changes in capital assets for the year-ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 3,463,786	\$ -	\$ -	\$ 3,463,786
Construction in progress	386,805	-	386,805	-
<b>Total capital assets not being depreciated</b>	<b>3,850,591</b>	<b>-</b>	<b>386,805</b>	<b>3,463,786</b>
Capital assets being depreciated:				
Buildings	75,602,063	1,019,502	-	76,621,565
Improvements other than buildings	1,204,998	33,147	-	1,238,145
Equipment and vehicles	7,085,513	455,662	583,658	6,957,517
<b>Total capital assets being depreciated</b>	<b>83,892,574</b>	<b>1,508,311</b>	<b>583,658</b>	<b>84,817,227</b>
Less accumulated depreciation for:				
Buildings	19,837,179	2,147,701	-	21,984,880
Improvements other than buildings	378,963	39,731	-	418,694
Equipment and vehicles	4,792,048	487,418	583,658	4,695,808
<b>Total accumulated depreciation</b>	<b>25,008,190</b>	<b>2,674,850</b>	<b>583,658</b>	<b>27,099,382</b>
<b>Total capital assets being depreciated, net</b>	<b>58,884,384</b>	<b>(1,166,539)</b>	<b>-</b>	<b>57,717,845</b>
<b>Capital assets, net</b>	<b>\$ 62,734,975</b>	<b>\$ (1,166,539)</b>	<b>\$ 386,805</b>	<b>\$ 61,181,631</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Changes in Noncurrent Liabilities (State form uses Long-Term Liabilities)

A summary of changes in noncurrent liabilities for the year-ended June 30, 2013 is as follows:

	Compensated Absences	Early Retirement Payable	OPEB Payable	Certificates Payable	Notes Payable, Revenue and General Obligation	Total
Balance, beginning of year	\$ 318,912	\$ 1,618,971	\$ 285,534	\$ 2,660,000	\$ 30,744,816	\$ 35,628,233
Additions	338,831	465,227	87,990	-	-	892,048
Reductions	318,912	558,867	-	820,000	4,026,565	5,724,344
Balance, end of year	338,831	1,525,331	373,524	1,840,000	26,718,251	30,795,937
Less current portion	(338,831)	(375,914)	-	(515,000)	(4,173,312)	(5,403,057)
Total noncurrent liabilities	\$ -	\$ 1,149,417	\$ 373,524	\$ 1,325,000	\$ 22,544,939	\$ 25,392,880

#### Notes Payable, Revenue and General Obligation Bonds:

The District has issued notes payable, revenue and general obligation bonds for the purchase and construction of District properties as allowed by Section 260C.19 of the Code of Iowa. Details of scheduled maturities for the District's June 30, 2013 notes payable, revenue and general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 4,173,312	\$ 1,035,135	\$ 5,208,447
2015	4,320,056	882,080	5,202,136
2016	12,289,883	1,996,627	14,286,510
2017	2,745,000	1,117,664	3,862,664
2018	2,735,000	457,482	3,192,482
Thereafter	455,000	21,157	476,157
<b>Total</b>	<b>\$ 26,718,251</b>	<b>\$ 5,510,145</b>	<b>\$ 32,228,396</b>

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Notes Payable, Revenue and General Obligation Bonds (continued)

Notes payable, revenue and general obligation bonds consisted of the following principal balances as of June 30, 2013:

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General obligation bonds dated April 1, 2009, with interest rates between 2.45% and 3.85%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 3,870,000
Dormitory revenue bonds dated December 1, 2010, with interest rates between 3.00% and 4.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2030. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	5,685,000
Student housing revenue refund bonds dated June 1, 2008, with interest rates between 2.75% and 4.70%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2026. The real estate, student housing facilities and related personal property are collateral for the debt.	845,000
General obligation bonds dated February 1, 2007, with interest rates between 3.50% and 4.00%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2017. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	8,925,000
Dormitory revenue bonds dated October 1, 2007, with interest rates between 4.25% and 5.40%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2027. The revenue stream, real estate, student housing facilities and related personal property are collateral for the debt.	1,905,000
General obligation bonds dated June 1, 2008, with interest rates between 3.25% and 3.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	4,875,000

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Notes Payable, Revenue and General Obligation Bonds (continued)

U.S. Department of Agriculture, Rural Economic Development loan dated December 2008, with interest rate of 0%. Principal payments in varying amounts are due annually, with a maturity date of May 1, 2018. The revenue stream, real estate, dormitory facilities and related personal property are collateral for the debt.	\$ 206,250
Alliant Energy contracts dated January 2010, with an interest rate of approximately 6.30%. Principal and interest payments of a total of \$10,477 are due monthly with a maturity date of March 2016. Equipment is collateral for the debt.	287,001
U.S. Department of Agriculture, Rural Economic Development loan dated December 2009, with interest rate of 0%. Principal payments of \$60,000 are due annually, with a maturity date of December 1, 2014. Agricultural and Renewable Energy Center on the ECC campus is collateral for the debt.	<u>120,000</u>
	<u>\$ 26,718,251</u>

#### Certificates Payable:

Pursuant to agreements dated from June 2003 to June 2010, the District has outstanding certificates totaling \$1,840,000 as of June 30, 2013, with net interest rates ranging from 2.30% to 6.25% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits, from withholding taxes, incremental property taxes, and in the case of default, from standby property taxes collected pursuant to Chapter 260E.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Certificates Payable:

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 515,000	\$ 64,098	\$ 579,098
2015	270,000	51,850	321,850
2016	275,000	38,240	313,240
2017	220,000	10,390	230,390
2018	230,000	11,350	241,350
Thereafter	330,000	16,500	346,500
	<u>\$ 1,840,000</u>	<u>\$ 192,428</u>	<u>\$ 2,032,428</u>

Since inception, the District has administered 115 projects, with 17 currently receiving project funding. Of the remaining projects, 98 have been completed and closed.

### Note 5. Operating Leases

The District leases certain property under operating leases that expire at varying dates. Most of the operating leases provide the District with the option to renew the lease at a fair rental value at the end of the initial lease term. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

Year Ending June 30	Amount
2014	\$ 229,770
2015	85,670
2016	48,408
2017	48,408
	<u>\$ 412,256</u>

Total rent expense for all operating leases was \$280,435 for the year-ended June 30, 2013. .

### Note 6. Iowa Public Employees Retirement System (IPERS)

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 6. Iowa Public Employees Retirement System (IPERS) (Continued)**

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$590,914, \$551,206 and \$475,993, respectively, equal to the required contributions for each year.

### **Note 7. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)**

The District contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.78% and the District is required to contribute 8.67%. The District's and employees' required and actual contributions to TIAA-CREF for the year-ended June 30, 2013 were \$533,681 and \$353,507, respectively.

### **Note 8. Early Retirement**

The District approved an Early Retirement Incentive Plan (ERIP) effective May 9, 2012. The plan expired on June 30, 2013.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of continuous service with the District. Retirement is to be effective June 30, 2013. Participation must be approved by the Chancellor.

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive lump-sum cash severance amount of up to 50% of the employee's annual salary during the year of the request.
2. The employee's single deductible health insurance premium shall be paid on a monthly basis until the retiree becomes eligible for Medicare.

The employees received the cash benefits in 36 equal installments commencing on July 15, 2013. The lump-sum payment liability is \$596,968 and is recorded as early retirement payable.

The current year cost to the District was \$452,224 including 41 participants in the health insurance plan. The liability for the participation in the health plan is \$928,363 and is recorded as early retirement payable. This portion of the liability will be paid over the next eight years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Risk Pool

The District is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and College Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage. There have been no reductions in insurance coverage from prior years.

The member's annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, IMPACC's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year-ended June 30, 2013 were \$997,411.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per claim, except for errors and omissions that have retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions that is \$900,000 and workers' compensation that is \$300,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self-insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$100,000,000. Stopgap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the College's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Other Post-Employment Benefits Plan (OPEB)

**Plan Description:** The District operates a single-employer other post-employment benefit plan that provides medical benefits to all active (245) and retired employees (41). All full-time or regular part-time administrator, faculty, professional service or support staff employees are eligible to participate in the Plan. The employees must have terminated service with the District through retirement after the age of 55 and have worked for the District for the most recent 10 consecutive years of service.

The District provides medical benefits through a plan, purchased from Well mark BlueCross/BlueShield. Retirees under age 65 pay the same premium for the medical benefit as active employees which results in an implicit subsidy and OPEB liability.

**Funding Policy:** The District establishes and amends contribution requirements. The District pays the single retiree premium until age 65; eligible family is required to contribute 100% of the premium. The current funding policy of the District is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

**Annual OPEB Cost and Net OPEB Obligation:** The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year-ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 331,400
Interest on OPEB obligation	7,140
Adj correction of beg bal	<u>(13,309)</u>
Annual OPEB cost	325,231
Contributions and payments made	<u>(237,241)</u>
<b>Increase in net OPEB obligation</b>	<b>87,990</b>
 Net OPEB obligation - July 1, 2012	 <u>285,534</u>
 Net OPEB obligation - June 30, 2013	 <u><u>\$ 373,524</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$237,241 to the medical plan.

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Other Post-Employment Benefits Plan (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued): The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2012 and the three preceding years follows. Fiscal year-ended June 30, 2009 was the adoption year of GASB Statement No. 45.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2009	\$ 240,313	43.91%	\$ 134,797
June 30, 2010	263,442	92.91%	153,719
June 30, 2011	308,037	85.49%	198,416
June 30, 2012	364,783	76.12%	285,535
June 30, 2013	325,231	72.95%	373,524

Funded Status and Funding Progress: As of July 1, 2012, the most recent valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$2,157,397, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,157,397. The covered payroll (annual payroll of active employees covered by the plan) was \$14,929,651 and the ratio of the UAAL to covered payroll was 14.45%.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retirement Medical Benefit Plan, presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5 % discount rate, an annual health care cost trend rate of 6.0%. The UAAL is being amortized as a level dollar amount. The amortization of UAAL is done over a period of 30 years.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 10. Other Post-Employment Benefits Plan (OPEB) (Continued)**

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

### **Note 11. Subsequent Events**

Subsequent events have been evaluated through January 23, 2014, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

### **Note 12. Deficit Fund Balance**

The District has a deficient balance in the fund as listed below as of June 30, 2013. Management believes that future transfers from unrestricted current funds will eliminate these deficit balances.

Loan Fund	\$ (3,500)
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## **REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FUNDING PROGRESS**

**FOR THE POSTRETIREMENT MEDICAL BENEFIT PLAN**

**Year Ended June 30, 2013**

**(In Thousands)**

**Required Supplementary Information**

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
June 30, 2009	July 1, 2008	\$ -	\$ 2,353,920	\$ (2,353,920)	0%	\$ 13,522,025	17.41%
June 30, 2010	July 1, 2008	-	2,353,920	(2,353,920)	0	13,425,127	17.53
June 30, 2011	July 1, 2010	-	2,392,229	(2,392,229)	0	14,004,887	17.08
June 30, 2012	July 1, 2010	-	2,392,229	(2,392,229)	0	14,516,149	16.48
June 30, 2013	July 1, 2012	-	2,157,397	(2,157,397)	0	14,929,651	14.45

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation as of July 1, 2010. Additional information follows:

1. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: Healthcare cost trend rate of 6%, discount rate of 2.5%.
4. The amortization method is level dollar over a period of 30 years.

See accompanying independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL  
Year Ended June 30, 2013**

<b>Funds/Levy</b>	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Between Actual and Amended Budget</b>
Unrestricted	\$ 23,692,399	\$ 21,318,843	\$ 2,373,556
Restricted	5,618,161	2,676,234	2,941,927
Unemployment	65,000	19,316	45,684
Tort liability	187,289	-	187,289
Insurance	1,004,354	1,128,034	(123,680)
Early retirement	418,925	452,224	(33,299)
Equipment replacement	370,352	150,387	219,965
<b>Total restricted</b>	<b>7,664,081</b>	<b>4,426,195</b>	<b>3,237,886</b>
Plant	3,141,623	2,237,174	904,449
Bonds and interest	4,253,547	1,171,977	3,081,570
<b>Total</b>	<b>\$ 38,751,650</b>	<b>\$ 29,154,189</b>	<b>\$ 9,597,461</b>

**Note to Budgetary Reporting:**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act accounts, Iowa Code 260F Jobs Training, scholarships and grants account, Loan Funds and Agency Funds.

For the year-ended June 30, 2013, the District's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

**BALANCE SHEET - ALL FUNDS**  
**June 30, 2013**

See accompanying Independent Auditor's Report.

<b>Non-operating Funds</b>					
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>	
\$ -	\$ -	\$ 1,231,097	\$ -	\$ 10,336,131	
-	-	-	-	264,342	
-	609,000	124,418	-	2,753,988	
-	5,174,885	-	-	8,944,018	
239,927	292,389	-	-	1,695,804	
-	-	-	(414,728)	-	
-	-	-	-	422,123	
-	184,804	2,175	-	600,227	
-	3,463,786	-	-	3,463,786	
-	76,621,565	-	-	76,621,565	
-	1,238,145	-	-	1,238,145	
-	6,957,517	-	-	6,957,517	
-	-	-	(27,099,382)	(27,099,382)	
\$ 239,927	\$ 94,542,091	\$ 1,357,690	\$ (27,514,110)	\$ 86,198,264	

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2013**

	<b>Current Funds</b>	
	<b>General Unrestricted Funds</b>	<b>General Restricted Funds</b>
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 334,879	\$ 120,893
Salaries and benefits payable	1,402,402	12,292
Accrued interest on notes and certificates payable	-	7,337
Deferred revenue:		
Succeeding year property tax	864,838	1,952,228
Other	295,584	1,990,975
Due to other funds	-	-
Early retirement payable	-	1,525,331
Deposits held in custody for others	-	-
Compensated absences	331,899	-
OPEB payable	332,846	38,046
Certificates payable	-	1,840,000
Notes payable, revenue and general obligation bonds	-	-
<b>Total liabilities</b>	<b>3,562,448</b>	<b>7,487,102</b>
<b>Fund balances:</b>		
Invested in capital assets, net of related debt	-	-
Restricted:		
Expendable:		
Scholarships and fellowships	-	5,407
Cash reserve	-	264,342
Loans	-	-
Iowa Industrial New Jobs Training Program	-	321,267
Other	-	2,207,036
Auxiliary enterprises	874,050	-
Unrestricted	2,851,014	-
<b>Total fund balances</b>	<b>3,725,064</b>	<b>2,798,052</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,287,512</b>	<b>\$ 10,285,154</b>

See accompanying Independent Auditor's Report.

**Schedule 2**  
**(Continued)**

<b>Non-operating Funds</b>				
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ 17,524	\$ 32,743	\$ -	\$ 506,039
-	-	-	-	1,414,694
-	115,877	7,163	-	130,377
-	5,114,888	-	-	7,931,954
-	-	-	-	2,286,559
243,427	171,301	-	(414,728)	-
-	-	-	-	1,525,331
-	-	1,308,220	-	1,308,220
-	-	6,932	-	338,831
-	-	2,632	-	373,524
-	-	-	-	1,840,000
-	26,718,251	-	-	26,718,251
243,427	32,137,841	1,357,690	(414,728)	44,373,780
-	61,562,762	-	(27,099,382)	34,463,380
-	-	-	-	5,407
-	-	-	-	264,342
(3,500)	-	-	-	(3,500)
-	-	-	-	321,267
-	-	-	-	2,207,036
-	-	-	-	874,050
-	841,488	-	-	3,692,502
(3,500)	62,404,250	-	(27,099,382)	41,824,484
\$ 239,927	\$ 94,542,091	\$ 1,357,690	\$ (27,514,110)	\$ 86,198,264

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL FUNDS****Year Ended June 30, 2013**

	<b>Current Funds</b>		
	<b>General Unrestricted Funds</b>	<b>General Restricted Funds</b>	<b>Total</b>
Operating revenues:			
Tuition and fees	\$ 12,874,667	\$ 3,850	\$ 12,878,517
Federal appropriations	136,017	7,306,398	7,442,415
Iowa Industrial New Jobs Training Program	-	355,490	355,490
State appropriations	8,132,678	619,835	8,752,513
Property tax	836,514	2,082,853	2,919,367
Auxiliary enterprises revenue	5,480,533	-	5,480,533
Interest income from investments	22,903	-	22,903
Expended for plant assets, including \$455,662 in current fund expenditures	-	-	-
Miscellaneous	1,238,238	485,964	1,724,202
<b>Total revenues and other additions</b>	<b>28,721,550</b>	<b>10,854,390</b>	<b>39,575,940</b>
Expenditures and other deductions:			
Education and support:			
Liberal arts and sciences	8,008,006	27,730	8,035,736
Vocational technical	2,730,360	476,096	3,206,456
Adult education	2,333,126	1,550,727	3,883,853
Cooperative services	-	232,393	232,393
Administration	1,197,263	1,749,961	2,947,224
Student services	1,704,155	238,773	1,942,928
Learning resources	340,626	57	340,683
Physical plant	2,276,583	-	2,276,583
General institution	2,728,724	20,938	2,749,662
Scholarships and grants	-	5,948,672	5,948,672
<b>Total education and support</b>	<b>21,318,843</b>	<b>10,245,347</b>	<b>31,564,190</b>

See accompanying Independent Auditor's Report.

**Schedule 3**

<b>Non-operating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	-	\$ (5,948,672)	\$ 6,929,845
-	-	-	7,442,415
-	-	-	355,490
-	570,369	-	9,322,882
-	5,021,598	-	7,940,965
-	-	-	5,480,533
-	-	-	22,903
-	1,121,506	(1,121,506)	-
68,206	84,000		1,876,408
68,206	6,797,473	(7,070,178)	39,371,441
-	-	-	8,035,736
-	-	(254,692)	2,951,764
-	-	(44,553)	3,839,300
-	-	-	232,393
-	-	(111,422)	2,835,802
-	-	-	1,942,928
-	-	-	340,683
-	987,672	-	3,264,255
-	-	-	2,749,662
-	-	(5,948,672)	-
-	987,672	(6,359,339)	26,192,523

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****ALL FUNDS****Year Ended June 30, 2013**

	<b>Current Funds</b>		
	<b>General Unrestricted Funds</b>	<b>General Restricted Funds</b>	<b>Total</b>
Expenditures (Continued):			
Auxiliary enterprises	\$ 5,581,531	\$ -	\$ 5,581,531
Loan cancellations and bad debt	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	129,520	129,520
Expended for plant assets	-	-	-
Disposal of plant assets	-	-	-
<b>Total expenditures and other deductions</b>	<b>26,900,374</b>	<b>10,374,867</b>	<b>37,275,241</b>
Transfers among funds, including			
\$214,191 from agency funds	(1,582,042)	(45,048)	(1,627,090)
<b>Net increase (decrease) for the year</b>	<b>239,134</b>	<b>434,475</b>	<b>673,609</b>
Fund balances beginning of year	3,485,930	2,363,577	5,849,507
Fund balances end of year	<u>\$ 3,725,064</u>	<u>\$ 2,798,052</u>	<u>\$ 6,523,116</u>

See accompanying Independent Auditor's Report.

**Schedule 3  
(Continued)**

<b>Non-operating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ (44,995)	\$ 5,536,536
105,238	-	-	105,238
-	-	2,674,850	2,674,850
-	1,171,977	-	1,301,497
-	665,844	(665,844)	-
-	583,658	(583,658)	-
105,238	3,409,151	(4,978,986)	35,810,644
-	1,841,281	-	214,191
(37,032)	5,229,603	(2,091,192)	3,774,988
33,532	57,174,647	(25,008,190)	38,049,496
\$ (3,500)	\$ 62,404,250	\$ (27,099,382)	\$ 41,824,484

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**UNRESTRICTED FUND**

**EDUCATION AND SUPPORT**

**Year Ended June 30, 2013**

	<b>Education</b>			
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>	<b>Cooperative Services</b>
Revenues:				
Tuition and fees	\$ 7,745,808	\$ 3,610,656	\$ 1,125,556	\$ -
Federal appropriations	-	-	136,017	-
State appropriations	-	-	-	-
Property tax	-	-	-	-
Interest income from investments	-	-	-	-
Miscellaneous	10,269	8,368	172,487	-
<b>Total revenues</b>	<b>7,756,077</b>	<b>3,619,024</b>	<b>1,434,060</b>	<b>-</b>
Expenditures:				
Salaries and benefits	6,812,400	2,496,569	1,785,341	-
Services	231,278	50,684	405,282	-
Materials and supplies	204,301	88,171	117,574	-
Travel	27,663	48,352	20,386	-
Expended for plant assets	-	500	-	-
Miscellaneous	732,364	46,084	4,543	-
<b>Total expenditures</b>	<b>8,008,006</b>	<b>2,730,360</b>	<b>2,333,126</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(251,929)	888,664	(899,066)	-
Transfers, nonmandatory	(707,282)	-	-	-
Net change in fund balances	\$ (959,211)	\$ 888,664	\$ (899,066)	\$ -
Fund balance beginning of year				
Fund balance end of year				

See accompanying Independent Auditor's Report.

## Schedule 4

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ 101,882	\$ -	\$ -	\$ 290,765	\$ 12,874,667
-	-	-	-	-	136,017
8,132,678	-	-	-	-	8,132,678
836,514	-	-	-	-	836,514
22,903	-	-	-	-	22,903
934,406	20,277	3,930	87,084	1,417	1,238,238
9,926,501	122,159	3,930	87,084	292,182	23,241,017
934,180	1,523,212	233,089	1,563,054	1,683,538	17,031,383
253,489	59,148	23,738	459,826	854,081	2,337,526
45,653	65,369	83,491	206,803	99,043	910,405
26,855	8,547	308	3,350	27,413	162,874
34,983	-	-	43,550	-	79,033
(97,897)	47,879	-	-	64,649	797,622
1,197,263	1,704,155	340,626	2,276,583	2,728,724	21,318,843
8,729,238	(1,581,996)	(336,696)	(2,189,499)	(2,436,542)	1,922,174
2,305	-	-	(1,026,144)	-	(1,731,121)
\$ 8,731,543	\$ (1,581,996)	\$ (336,696)	\$ (3,215,643)	\$ (2,436,542)	191,053
					2,659,961
					\$ 2,851,014

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****UNRESTRICTED FUND****AUXILIARY ENTERPRISES****Year Ended June 30, 2013**

	<b>Bookstore</b>	<b>Cafeteria Vending</b>	<b>Athletics</b>
Revenues:			
Tuition and fees	-	-	-
State appropriations	-	-	-
Sales and services	1,517,491	859,405	-
Miscellaneous	-	-	207,945
<b>Total revenues</b>	<b>1,517,491</b>	<b>859,405</b>	<b>207,945</b>
Expenditures and other deductions:			
Salaries and benefits	178,089	-	511,392
Services	40,994	799,313	82,117
Materials and supplies	1,985	11,908	-
Travel	685	-	6,988
Expended for plant assets	-	-	-
Purchases for resale	1,170,477	-	-
Miscellaneous	181,704	69,020	593,860
<b>Total expenditures and other deductions</b>	<b>1,573,934</b>	<b>880,241</b>	<b>1,194,357</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(56,443)</b>	<b>(20,836)</b>	<b>(986,412)</b>
Transfers among funds, nonmandatory	(135,751)	-	1,120,476
<b>Net change in fund balances</b>	<b>(192,194)</b>	<b>(20,836)</b>	<b>134,064</b>
Fund balances beginning of year	92,158	299,290	157,294
Fund balances end of year	<b>\$ (100,036)</b>	<b>\$ 278,454</b>	<b>\$ 291,358</b>

See accompanying Independent Auditor's Report.

**Schedule 5**

<b>Housing</b>	<b>Other</b>	<b>Total</b>
\$ 6,968	\$ 93,312	\$ 100,280
-	78,590	78,590
1,952,813	5,565	4,335,274
278,942	479,502	966,389
2,238,723	656,969	5,480,533
521,114	519,418	1,730,013
209,812	103,898	1,236,134
332,492	127,479	473,864
4,795	1,158	13,626
38,566	6,429	44,995
-	-	1,170,477
-	67,838	912,422
1,106,779	826,220	5,581,531
1,131,944	(169,251)	(100,998)
(863,647)	28,001	149,079
268,297	(141,250)	48,081
356,734	(79,507)	825,969
\$ 625,031	\$ (220,757)	\$ 874,050

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
RESTRICTED FUND**

**Year Ended June 30, 2013**

	<b>Insurance</b>	<b>Unemployment Compensation</b>	<b>Early Retirement</b>	<b>Equipment Replacement</b>
<b>Revenues and other additions:</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	-	-	-	-
Property tax	1,194,288	65,162	452,224	371,179
Miscellaneous	-	-	-	-
<b>Total revenues and other additions</b>	<b>1,194,288</b>	<b>65,162</b>	<b>452,224</b>	<b>371,179</b>
<b>Expenditures and other deductions:</b>				
Salaries and benefits	-	19,316	452,224	-
Services	1,182,068	-	-	-
Materials and supplies	-	-	-	104,005
Travel	-	-	-	-
Expended for plant assets	-	-	-	46,382
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	(54,034)	-	-	-
<b>Total expenditures and other deductions</b>	<b>1,128,034</b>	<b>19,316</b>	<b>452,224</b>	<b>150,387</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>66,254</b>	<b>45,846</b>	<b>-</b>	<b>220,792</b>

## Schedule 6

<b>Cash Reserve</b>	<b>Iowa Industrial New Jobs Training Program</b>	<b>Workforce Investment Act and Promise Jobs</b>	<b>Scholarships</b>	<b>Other</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 3,850	\$ 3,850
-	-	1,025,523	5,663,625	617,250	7,306,398
-	355,490	-	-	-	355,490
-	-	-	-	619,835	619,835
-	-	-	-	-	2,082,853
-	-	-	257,862	228,102	485,964
-	355,490	1,025,523	5,921,487	1,469,037	10,854,390
-	5,018	724,723	3,445	238,283	1,443,009
-	227,375	35,675	-	164,250	1,609,368
-	-	30,618	-	256,325	390,948
-	-	6,848	-	31,271	38,119
-	-	-	-	298,745	345,127
-	129,519	-	-	-	129,519
-	-	-	5,825,969	248,913	6,074,882
-	-	225,984	119,258	52,687	343,895
-	361,912	1,023,848	5,948,672	1,290,474	10,374,867
-	(6,422)	1,675	(27,185)	178,563	479,523

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --  
RESTRICTED FUNDS (CONTINUED)**

**Year Ended June 30, 2013**

	<hr/>			
	<b>Insurance</b>	<b>Unemployment Compensation</b>	<b>Early Retirement</b>	<b>Equipment Replacement</b>
<hr/>				
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 66,254	\$ 45,846	\$ -	\$ 220,792
Transfers:				
Non-mandatory transfers in	-	-	-	-
Non-mandatory transfers (out)	-	-	-	-
<hr/>				
<b>Net change in fund balances</b>	66,254	45,846	-	220,792
Fund balance beginning of year	474,085	55,312	-	610,854
<hr/>				
Fund balance end of year	\$ 540,339	\$ 101,158	\$ -	\$ 831,646
<hr/>				

See accompanying Independent Auditor's Report.

**Schedule 6  
(Continued)**

<b>Cash Reserve</b>	<b>Iowa Industrial New Jobs Training Program</b>	<b>Workforce Investment Act and Promise Jobs</b>	<b>Scholarships</b>	<b>Other</b>	<b>Total</b>
\$ -	\$ (6,422)	\$ 1,675	\$ (27,185)	\$ 178,563	\$ 479,523
-	-	-	36,557	71,121	107,678
-	(133,854)	-	(21,567)	2,695	(152,726)
-	(140,276)	1,675	(12,195)	252,379	434,475
264,342	461,543	-	17,601	479,840	2,363,577
<u>\$ 264,342</u>	<u>\$ 321,267</u>	<u>\$ 1,675</u>	<u>\$ 5,406</u>	<u>\$ 732,219</u>	<u>\$ 2,798,052</u>

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS****AGENCY FUNDS****Year Ended June 30, 2013**

	<b>Student Clubs and Organizations</b>	<b>Iowa Small Business New Jobs Training Program</b>	<b>Federal Direct Student Loan Program</b>
Balances, beginning of year	\$ 350,605	\$ 297,767	\$ -
Additions:			
Tuition and fees	180,631	-	-
Federal appropriations	-	-	8,660,323
State appropriations	-	174,426	-
Sales and service	-	-	-
Interest income from investments	-	-	-
Miscellaneous	114,378	-	-
Transfers in	267,904	-	-
<b>Total additions</b>	<b>562,913</b>	<b>174,426</b>	<b>8,660,323</b>
Deductions:			
Salaries and benefits	-	-	-
Services	12,699	329,757	8,660,323
Materials and supplies	-	-	-
Travel	3,700	-	-
Scholarships and grants	-	-	-
Miscellaneous	149,566	-	-
Transfers out	210,551	-	-
<b>Total expenditures</b>	<b>376,516</b>	<b>329,757</b>	<b>8,660,323</b>
<b>Net additions and deductions</b>	<b>186,397</b>	<b>(155,331)</b>	<b>-</b>
<b>Balances, end of year</b>	<b>\$ 537,002</b>	<b>\$ 142,436</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report.

**Schedule 7**

<b>Other</b>		<b>Total</b>	
\$	727,583	\$	1,375,955
	227,839		408,470
	-		8,660,323
	-		174,426
	794		794
	7,382		7,382
	337,677		452,055
	-		267,904
	573,692		9,971,354
	213,077		213,077
	85,917		9,088,696
	42,087		42,087
	1,167		4,867
	46,842		46,842
	11,857		161,423
	271,546		482,097
	672,493		10,039,089
	(98,801)		(67,735)
\$	628,782	\$	1,308,220

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### NOTE TO SUPPLEMENTARY INFORMATION

Year ended June 30, 2013

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Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds: The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund: The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

Restricted Fund: The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds: The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Endowment Funds: The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform to restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds: The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing accounts:

Unexpended – This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds: The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

**NOTE TO SUPPLEMENTARY INFORMATION (Continued)**  
**Year ended June 30, 2013**

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The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the College uses Business Type Activities reporting, this budgetary comparison information is included as supplementary information.

Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CREDIT AND CONTACT HOURS**

**Year Ended June 30, 2013**

<b>Category</b>	<b>Credit Hours</b>		<b>Total</b>
	<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	
Arts and Sciences	55,988	-	55,988
Vocational Education	13,901	-	13,901
Adult/Continuing Education	-	-	-
Relative services and activities	-	-	-
	<b>69,889</b>	<b>-</b>	<b>69,889</b>

See accompanying Independent Auditor's Report.

**Schedule 8**

<b>Contact Hours</b>		
<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	<b>Total</b>
1,071,408	-	1,071,408
344,889	-	344,889
263,550	68,321	331,871
-	11,424	11,424
1,679,847	79,745	1,759,592

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

**For the Last Seven Years**

	<b>Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Local Property Tax	\$ 7,940,965	\$ 7,819,243	\$ 8,158,905	\$ 8,387,272
State	9,322,882	8,216,581	8,404,161	8,339,792
Federal	7,442,415	8,534,320	10,537,603	9,031,124
<b>Total</b>	<b>\$ 24,706,262</b>	<b>\$ 24,570,144</b>	<b>\$ 27,100,669</b>	<b>\$ 25,758,188</b>

See accompanying Independent Auditor's Report.

**Schedule 9**

<b>Ended June 30,</b>		
2009	2008	2007
\$ 8,007,097	\$ 6,111,570	\$ 2,794,441
9,703,794	9,286,788	8,173,972
5,635,737	5,398,207	4,961,791
<hr/>		
\$ 23,346,628	\$ 20,796,565	\$ 15,930,204
<hr/>		

# **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

## **SCHEDULE OF CURRENT FUND REVENUES BY SOURCE**

### **AND EXPENDITURES BY FUNCTION**

**For the Last Seven Years**

	<b>Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>				
Tuition and fees	\$ 12,878,517	\$ 12,568,466	\$ 12,415,322	\$ 11,840,096
Federal appropriations	7,442,415	8,534,320	10,272,918	9,031,124
Iowa Industrial New Jobs				
Training Program	355,490	187,996	734,179	755,284
State appropriations	8,752,513	7,802,779	7,600,479	7,454,587
Property tax	2,919,367	2,869,835	3,352,247	3,414,606
Interest income on investments	22,903	25,589	29,730	85,802
Auxiliary enterprises	5,480,533	4,940,960	5,300,121	4,301,360
Miscellaneous	1,724,202	1,968,213	2,017,103	2,334,461
<b>Total</b>	<b>\$ 39,575,940</b>	<b>\$ 38,898,158</b>	<b>\$ 41,722,099</b>	<b>\$ 39,217,320</b>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 8,035,736	\$ 7,362,342	\$ 7,039,930	\$ 6,563,330
Vocational technical	3,206,456	3,267,483	4,062,416	3,335,223
Adult education	3,883,853	3,910,942	4,005,771	4,385,891
Cooperative services	232,393	116,148	139,859	906,370
Administration	2,947,224	3,254,711	3,760,728	4,185,175
Student services	1,942,928	2,125,020	1,898,797	2,226,385
Learning resources	340,683	362,148	308,779	403,881
Physical plant	2,276,583	2,013,582	2,416,501	2,026,131
General institution	2,749,662	2,699,167	3,287,024	3,160,641
Auxiliary enterprises	5,581,531	5,237,646	5,889,583	5,004,438
Scholarships and grants	5,948,672	6,069,431	6,708,968	5,737,046
Interest on indebtedness	129,520	169,266	213,873	226,201
<b>Total</b>	<b>\$ 37,275,241</b>	<b>\$ 36,587,886</b>	<b>\$ 39,732,229</b>	<b>\$ 38,160,712</b>

See accompanying Independent Auditor's Report.

## Schedule 10

<b>Ended June 30,</b>		
2009	2008	2007
\$ 10,569,489	\$ 9,722,717	\$ 9,308,933
5,635,737	5,398,207	4,961,791
126,998	443,054	849,651
9,135,825	8,790,312	8,076,377
3,117,447	2,676,194	2,285,177
168,850	342,254	468,224
3,540,993	3,096,711	3,094,615
2,586,400	2,700,872	1,981,019
<b>\$ 34,881,739</b>	<b>\$ 33,170,321</b>	<b>\$ 31,025,787</b>
\$ 6,608,653	\$ 6,277,936	\$ 5,704,349
3,516,374	3,117,830	2,764,019
4,325,487	4,353,103	4,357,449
123,438	547,971	722,804
3,843,730	2,846,141	2,609,614
2,595,514	2,668,599	2,505,632
531,358	485,317	502,383
1,980,232	1,846,972	1,792,134
2,797,377	2,930,965	2,614,364
3,906,825	3,328,213	3,257,506
3,674,622	3,136,390	2,850,073
259,135	303,319	362,595
<b>\$ 34,162,745</b>	<b>\$ 31,842,756</b>	<b>\$ 30,042,922</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
U.S. Department of Education:			
Direct programs:			
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 126,927	\$ -
Federal Direct Student Loans	84.032	-	8,660,323
Federal Work-Study Program (FWS)	84.033	108,330	-
Federal Pell Grant Program	84.063	5,430,672	-
<b>Total student financial assistance cluster</b>		<b>5,665,929</b>	<b>8,660,323</b>
TRIO Student Support Services	84.042	206,307	-
Passed Through Iowa Department of Education:			
Carl Perkins	84.048A	103,454	-
Perkins: Increasing Retention and Graduation of Students in Nontraditional Career Areas	84.048	7,738	-
Iowa Adult Education and Family Literacy Act (AELFA)	84.002	113,516	-
AELFA: Teacher Training (Effectiveness)	84.002	1,712	-
AELFA: Information Management	84.002	893	-
AELFA: Technology Grant	84.002	3,124	-
EL/Civics	84.002	16,772	-
<b>Total U.S. Department of Education</b>		<b>6,119,445</b>	<b>8,660,323</b>
U.S. Department of Labor:			
Passed through Iowa Workforce Development:			
Non-ARRA Workforce Investment Act (WIA):			
Adult Formula and Statewide	17.258	155,527	-
Youth and Statewide	17.259	217,378	-
Discretionary	17.260	81,537	-
General Administration	17.260	49,492	-
<b>Total Non-ARRA Workforce Investment Act</b>		<b>503,934</b>	<b>-</b>
State Energy Sector Partnership	17.275	140,395	-
Passed Through Des Moines Area Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	13,592	-
<b>Total U.S. Department of Labor</b>		<b>657,921</b>	<b>-</b>

(Continued on next page)

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 11  
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2013

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
Passed through Iowa Workforce Development, Job Opportunities and Basic Skills Training (Promise Jobs)	93.558	\$ 521,588	\$ -
<b>Total U.S. Department of Health and Human Services</b>		<b>521,588</b>	<b>-</b>
U.S. Department of Energy:			
Electricity Delivery and Energy Reliability, Research, Development and Analysis - ARRA	81.122	136,658	-
<b>Total U.S. Department of Energy</b>		<b>136,658</b>	<b>-</b>
U.S. National Science Foundation:			
Passed Through Iowa State University:			
Louis Stokes Alliances for Minority Participation (LSAMP)	47.076	6,803	-
<b>Total U.S. National Science Foundation</b>		<b>6,803</b>	<b>-</b>
		<b>\$ 7,442,415</b>	<b>\$ 8,660,323</b>

Basis of Presentation – The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa Valley Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Iowa Valley Community College District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Iowa Valley Community College District, Marshalltown, Iowa, and the aggregate discretely presented component units as of and for the year-ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Iowa Valley Community College District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Valley Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Valley Community College District's financial statements will not be prevented or detected and corrected on a timely basis.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Valley Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year-ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Iowa Valley Community College District's Responses to Findings

Iowa Valley Community College District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iowa Valley Community College District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Valley Community College District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
January 23, 2014



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Iowa Valley Community College District:

Report on Compliance for Each Major Federal Program

We have audited Iowa Valley Community College District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year-ended June 30, 2013. Iowa Valley Community College District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of Iowa Valley Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Iowa Valley Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Iowa Valley Community College District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year-ended June 30, 2013.

## Report on Internal Control Over Compliance

The management of Iowa Valley Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Iowa Valley Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Iowa Valley Community College District's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iowa Valley Community College District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
January 23, 2014

# **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

## **Schedule of Findings and Questioned Costs**

**Year-ended June 30, 2013**

### **Part I: Summary of the Independent Auditor's Results:**

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Clustered Programs:
    - Student Financial Assistance Cluster:
      - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants (SEOG)
      - CFDA Number 84.268 – Federal Direct Student Loans
      - CFDA Number 84.033 – Federal Work-Study Program (FWS)
      - CFDA Number 84.063 – Federal Pell Grant Program
      - CFDA Number 84.375 – Federal Academic Competitiveness Grant Program (ACG)
    - Workforce Investment Act Cluster:
      - CFDA Number 17.258 – Adult Formula and Statewide
      - CFDA Number 17.259 – Youth and Statewide
      - CFDA Number 17.260 – Discretionary
      - CFDA Number 17.260 – General Administration
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Valley Community College District qualified as a low-risk auditee.

**Schedule of Findings and Questioned Costs  
(Continued)  
Year-ended June 30, 2013**

**Part II: Findings Related to the Financial Statements:**

**Internal Control Deficiencies**

No matters were reported.

**Instances of Noncompliance**

No matters were reported.

**Part III: Findings and Questioned Costs For Federal Awards:**

**Internal Control Deficiencies**

No matters were reported.

**Instances of Noncompliance**

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-13 Certified Budget – Expenditures for the year-ended June 30, 2013 did not exceed the amount budgeted.
- IV-B-13 Questionable Disbursements – No expenditures that did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-13 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-13 Publication – The District published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.

**Schedule of Findings and Questioned Costs  
(Continued)  
Year-ended June 30, 2013**

**Part IV: Other Findings Related to Required Statutory Reporting (Continued):**

- IV-H-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-13 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Valley Community College District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schuman & Company, LLP*

Fort Dodge, Iowa  
January 23, 2014